

Message Text

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12

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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R 301940Z MAY 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6692

LIMITED OFFICIAL USE BUENOS AIRES 3964

E.O. 11652: N/A

TAGS: ECON, EFIN, AR

SUBJ: GOA APPROVES NEW FOREIGN EXCHANGE REMITTANCE

1. BY DECREE 1576 OF MAY 22, 1974, GOA AUTHORIZED NEW \$70 MILLION DOLLAR BOND ISSUE FOR REMITTANCE OF PROFITS AND DIVIDENDS. MIN OF ECONOMY LETTER ACCOMPANYING DECREE CLARIFIES THAT IN ORDER TO QUALIFY FOR BOND ISSUE, COMPANIES MUST HAVE SUBMITTED REMITTANCE REQUEST TO CENTRAL BANK PRIOR TO NOV 29, 1973 DATE OF PROMULGATION OF FOREIGN INVESTMENT LAW, AND MUST BE DULY REGISTERED WITH MIN OF ECONOMY IN ACCORDANCE WITH REGISTRY PROVISIONS THAT LAW.

2. BONDS ARE FIVE YEARS WITH 2.5 YEARS GRACE, THUS REDUCING FOREIGN EXCHANGE IMPACT TO MINIMUM FOR GOA. INTEREST RATE IS VARIABLE AND SET AT 180-DAY LONDON INTERBANK RATE, WITH 6 PERCENT MINIMUM. INTERST PAYMENTS TO BE MADE SEMI-ANNUALLY BEGINNING NOV 15, 1974. AMORTIZATION PAYMENTS WILL BE MADE IN FIVE EQUAL SEMI-ANNUAL QUOTAS BEGINNING NOV 15, 1976. CENTRAL BANK WILL PAY INTERST AND DIVIDENDS IN DOLLARS, OR EQUIVALENT FOREIGN EXCHANGE, AT OPTION OF HOLDER.

3. COMMENT: THIS IS FIRST FOREIGN EXCHANGE REMITTANCE

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AUTHORIZATION

GRANTED BY PERONIST GOVERNMENT. IT APPERAS
TO COVER PROFITS AND DIVIDENDS ONLY. NEW BOND ISSUE LONG
OVERDUE SINCE PROFITS AND DIVIDENDS HELD UP SINCE LAST ISSUE
OF \$40 MILLION GRANTED MAR 1974. PRESUMABLY,
APPLICATIONS FOR PROFIT AND DIVIDENDS REMITTANCES MADE AFTER
NOV 29, 1973 WILL BE HANDLED IN FUTURE EXTERNAL BOND ISSUE
SUBJECT TO ALL PROVISIONS OF NEW FOREIGN INVESTMENT LAW.
BOND TERMS SOMEWHAT LESS FAVORABLE THAN PREVIOUS ISSUES
SINCE INTEREST RATE REDUCED TO EURODOLLAR LEVEL AND GRACE
PERIOD EXTENDED. WHILE BOND ISSUE WELCOME, RATIONALE FOR
CONTINUING THIS RESTRICTIVE CAPITAL CONTROL MECHANISM APPEARS
QUESTIONABLE IN VIEW CURRENT FAVORABLE BALANCE PAYMENTS
SITUATION.
MONTLLOR

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Message Attributes

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Concepts: PROFITS, CENTRAL BANK, FOREIGN EXCHANGE TRANSACTIONS, FOREIGN EXCHANGE CONTROLS, BONDS (SECURITIES), DIVIDEND RATES
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Disposition Date: 28 MAY 2004
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